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7 BEFORE THE INSURANCE COMMISSIONER  
8 OF THE STATE OF WASHINGTON  
9

10 No. G 02-45

11 In the Matter of the Application  
12 regarding the Conversion and  
13 Acquisition of Control of Premera Blue  
14 Cross and its Affiliates.

15 PREMERA'S REPLY IN SUPPORT OF  
16 MOTION TO DIRECT  
17 WITHHOLDING OF PORTIONS OF  
18 MERCER REPORT

19 The OIC staff has, as a whole, not opposed the withholding of portions of the  
20 Mercer Report as sought by Premera, recognizing the competitively sensitive character of  
21 the information for which protection is sought. The OIC staff opposes two proposed  
22 redactions, both on page 14 of the Mercer Report. Premera agrees with the OIC staff as to  
23 one redaction, and disagrees as to the other.

24 Premera agrees that the first redaction at issue, which is four lines of data showing  
25 the 75<sup>th</sup> percentile, median, average and 25<sup>th</sup> percentile based on data from other managed  
health care companies, is appropriate for disclosure. These are figures which can be  
derived from the unredacted data in the same table.

The second redaction, however, reveals Premera's Directors' Total Direct  
Compensation as a percentage of the median of the data discussed above. It would require

PREMERA'S REPLY IN SUPPORT OF MOTION  
TO DIRECT WITHHOLDING OF PORTIONS OF  
MERCER REPORT- 1

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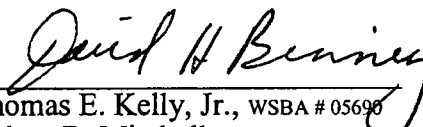
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1 little effort to derive the actual number for Premera's Directors' Total Direct  
2 Compensation (as recommended) from the percentage that is the subject of the second  
3 proposed redaction. The Premera Directors' Total Direct Compensation figure is in fact  
4 included in the table immediately above the second proposed redaction at issue, and the  
5 OIC staff did not object to Premera's proposed redaction thereof.

6 Premera's motion to withhold disclosure of the Mercer report should be granted  
7 with the only modification that the median, average and various percentiles from the data  
8 on other health insurance companies in the table on page 14 may be disclosed publicly.

9 DATED this 5th day of December, 2003.

10  
11 PRESTON GATES & ELLIS LLP

12 By   
13 Thomas E. Kelly, Jr., WSBA # 05696  
14 Robert B. Mitchell, WSBA # 10874  
15 David H. Binney, WSBA # 07576  
16 Attorneys for Applicant  
17 PREMERA and Premera Blue Cross  
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PREMERA'S REPLY IN SUPPORT OF MOTION  
TO DIRECT WITHHOLDING OF PORTIONS OF  
MERCER REPORT- 2

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